



What Is Absence Management and Why Should I Care?

by John C. Garner, CEBS

This article discusses absence management, but first it is necessary to define a number of terms. Absence management programs can be included within the scope of broader programs, and absence management programs can include other programs.

According to the Disability Management Employer Coalition (DMEC), *absence management* is a program for controlling absences due to illness or injury with an emphasis on controlling unexplained, unscheduled or excessive absenteeism. Programs with a broader focus (not just related to disability) are often referred to as *total absence management*.

Absence management is generally seen as broader in scope than *disability management* programs, which DMEC defines as programs and processes that seek to prevent disability, reduce the cost impact of disability and provide mechanisms to promote maximum functional recovery and return to work. *Integrated disability management* refers to those initiatives that implement a uniform umbrella of management across all disability plans (short-term disability, long-term disability, workers' compensation, family and medical leave, salary continuation and sick leave programs).

The broadest types of programs are often referred to as *health and productivity management*, which DMEC defines

as the integrated management of services and data related to all aspects of employee health affecting attendance and work performance. It includes measuring the impact of targeted interventions on both health and productivity.

Forward-thinking employers are adopting behavioral risk management as part of their total absence management and health and productivity management programs to address underlying psychosocial issues that complicate claims or encourage absence and presenteeism. DMEC defines *behavioral health management* as an integrated, interdisciplinary system of care that approaches individuals, families and communities as a whole and addresses the interactions between psychological, biological, sociocultural and environmental factors.

A report earlier this year by the Taskforce on Disability and Return to Work of the Partnership for Workplace Mental Health included estimates that the direct costs of all types of disability in the United States are \$400 billion a year. This includes lost wages and productivity and the cost of replacing workers. The same report included an estimate that the indirect costs of disability are \$600 billion a year. This includes such things as the cost of health care for disabled workers. Therefore, disability is costing a total of \$1 trillion a year.

The Bureau of Labor Statistics projects a labor shortfall of 2.3 million employees by 2014. As baby boomers retire and the size of the American workforce shrinks, it will be increasingly important for employers to help employees stay at work and to help absent employees return to work. Business cannot afford to lose any more skilled labor than will inevitably be lost.

Not only does absence cost employers a great deal of money, the toll on disabled employees is also significant. About a hundred years ago, Sigmund Freud opined that work is central to a person's identity and social role. Work provides income, but more than that, is often an important source of self-esteem. For many people, lack of work equates to lack of meaning. Therefore, lost capacity to work is a life crisis that demands immediate action.

Many employers are being proactive with their absence management programs, and the success stories could fill many more articles, but far too many employers remain ignorant of the problem. According to an *Employee Benefit News* survey, only 18% of employers measure the cost of absences. Most employers do not even know the conditions that are causing disability. According to the 2007 survey of employer opinions by United Benefit Advisors, only 11.6% of em-

ployers have programs in place to identify the chronic conditions prevalent in the workplace. If we are not measuring absences, we cannot manage them. If we do not know the types of conditions causing absences, we cannot focus our efforts on the most important problems.

The first step in managing absences, is to collect the data that will demonstrate to upper management that this is a problem that needs priority attention. Maybe you are lucky and that is not the case, but in most organizations it is a growing issue. Next, different strategies must be assessed. An approach that works in one corporate culture may be a disaster in a different culture. Once the overall strategy has been determined, various tactics can be evaluated, particularly if you have data showing where the biggest problem areas are, in terms of locations, diagnoses and job categories. Once specific programs have been implemented, the data needs to be evaluated to determine the effectiveness of the programs. Adjustments to the programs lead into another cycle of evaluation and adjustment.

Many employee benefit specialists do not regularly deal with workers' compensation, salary continuation or productivity issues. We will integrate our thinking and move beyond a silo mentality. We must help our employers address the broader issues of health and productivity management. This will help us become vital to the successes of our organizations rather than just cost centers that keep demanding disproportionate budget increases to cover the cost of health care.

Absent employees create problems for employers who are trying to get the work done. Employers must find ways to minimize absences, but dealing with those absences is fraught with danger, largely because of the Bermuda Triangle of conflicting laws—workers' compensation, the

Americans with Disabilities Act, and the Family and Medical Leave Act—not to mention various rules imposed by the Pregnancy Disability Act, the Uniformed Services Employment and Reemployment Rights Act, the Fair Labor Standards Act, the Occupational Safety and Health Act, the National Labor Relations Act and Consolidated Omnibus Budget Reconciliation Act (COBRA). A health coverage continuation rules, state family leave laws, state disability insurance laws, state fair employment laws and

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laws against discrimination in various forms, and now paid family leave in California and Washington, and mandatory sick leave in San Francisco. The privacy rules under the Health Insurance Portability and Accountability Act (HIPAA) apply only to health plans, not workers' compensation or disability plans; but the health care providers who have the information needed to administer those plans are subject to HIPAA, so it cannot be avoided. Implementation of absence management strategies must consider all of these legal constraints.

Garner offers these thoughts on absence management as a prelude to his presentation at the 26th Annual ISCEBS Employee Benefits Symposium. The session will cover the latest legal and legislative developments affecting absence management programs.



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